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May 22, 2012

POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

Ruth Goldway
Chairman

Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, DC 20268-0001

Received

MAY 31 2012

Office of PAGR

Dear Chairman Goldway:

I am writing this letter to object to the current proposal concerning the United States Postal Services giving postage discounts to Valassis Direct Mail, Inc. I cannot believe that you are willing to give the United States Postal Service these discounts that are not offered to the newspapers. If I am not mistaken, this is called unfair trade practices.

Here are a number of reasons why the Postal Service should not allow this proposal to occur:

- The Valassis contract would require it to carry advertising only for companies with outlets in more than 30 stores and to produce more than 1 million new mail pieces in a year. No community newspaper could achieve such a goal.
- Because of your negotiated service agreements to date have each been arranged with a single large company, smaller local companies are shut out of the deals.
- There may be other large marriage mailers who apply for similar contract, freezing out smaller competitors entirely.
- If the Postal Service loses the newspaper mail in an attempt to capture the Valassis mail, it is likely to see a net loss of business – particularly if Valassis then decides to put its inserts into the private-delivered newspaper.
- If the advertising remains in the mail stream, it will be the same mail piece at a lower price.
- The net effect of this proposal is not likely to produce a sustained new mail volume for USPS but simply to force lower prices for advertising, leaving USPS direct mail even less competitive.
- USPS' direct attempt to divert advertising from newspapers engender a hostile relationship with good newspaper customers. Add this Valassis proposal to USPS' existing attempts to get postmasters to sell direct mail to local newspaper advertisers, and you have a pretty negative business relationship.
- Local advertising markets are plenty competitive enough. USPS' monopoly powers are not needed to make them competitive.

I would also like to point out that newspapers have deep roots in their local communities. And believe it or not, newspapers have been one of the staunchest supporters of the U.S. Postal Service, and the important role that the service plays in keeping all Americans connected with their communities. While newspaper companies have applauded the Postal Service's efforts to address its ongoing funding challenges through operational and financial reforms, it is astonishing to see the USPS try to solve its problems by offering a proposal that would drive a stake into the heart of local newspapers.

I appeal to your good sense to consider what the USPS is proposing here. At a time when revenue challenges facing local newspapers are well known, a special-rate deal for one national competitor – which potentially drains local advertising dollars away from local newspapers and out of local communities – will cause real financial harm and at the least should require a full examination of the impact on the marketplace. The bottom line is this proposal with Valassis Direct Mail, Inc. will not help the Postal Service's current dilemma because they have not considered how much money they will lose when the newspapers move their TMC products out of the postal system. Ultimately, the Postal Service will lose more revenue than it will bring in by this special deal. The only one that will win is Valassis Direct Mail, Inc.

Please withdraw the proposal with Valassis Direct Mail, Inc. and further study the proposals' impact on the marketplace for local advertising and the potential effect of lost postal volume and revenues from newspapers' TMC products.

Sincerely,

Advertising Supervisor